

1 DEPARTMENT OF REVENUE
2 PUBLIC WORKSHOP
3 ORLANDO, FLORIDA

4 RULE 12D-8.0082, F.A.C.
5 FLORIDA UNIFORM MARKET AREA GUIDELINES

6 /

7
8 DATE: July 24, 2003
9 TIME: 9:45 a.m. to 11:45 a.m.
10 LOCATION: Orlando Public Library
11 Albertson Room, 3rd Floor
12 101 East Central Boulevard
13 Orlando, Florida
14 REPORTED BY: Rebecca Fella,
15 Registered Professional Reporter
16 Notary Public, State of
17 Florida at Large

18 A P P E A R A N C E S:

19 STEVE J. KELLER, Chief Assistant General Counsel
20 AL MOBLEY, MAI, CCIM, CAE, AAS, Revenue Program
21 Administrator
22 DAVID BEGGS, Program Director
23 TERRY G. JEWELL, Real Property Program Administrator
24 BETTY DIXON, SWPSO, PTA
25

1 P R O C E E D I N G S

2 THE ADMINISTRATOR: We're going to go
3 ahead and get started now. Good morning.
4 Today is Thursday, July 24th, 2003, and we
5 would like to welcome everyone to today's
6 public workshop on the second draft of the
7 Florida Uniform Market Area Guidelines dated
8 July 10th, 2003.

9 My name is Al Mobley, Revenue Program
10 Administrator with the Department of Revenue,
11 and sitting to my right is Mr. Steve Keller,
12 chief attorney for the Department's Property
13 Tax Administration Program. Mr. Keller and I
14 will be the co-moderators for today's public
15 workshop.

16 At this time I would ask the other
17 members of the Department of Revenue in
18 attendance to introduce themselves beginning
19 with Mr. Beggs. Please state your name and
20 your position with the Department.

21 MR. BEGGS: David Beggs, program
22 director.

23 MR. JEWELL: Terry Jewell, Real
24 Property Program Administrator.

25 MS. DIXON: Betty Dixon, SWPSO PTA here

1 in Orlando.

2 MR. KELLER: Today's public workshop
3 was noticed in the July 3rd, 2003 Florida
4 Administrative Weekly. This is a public
5 workshop noticed and consistent with
6 Subsection 120.54 Florida Statutes, held for
7 the purpose of receiving comments from
8 interested parties regarding potential
9 improvements to the second draft of the
10 Florida Uniform Market Area Guidelines dated
11 July 10th, 2003.

12 Another public workshop on this second
13 draft was held on July 22nd, two days ago, of
14 this week in Tallahassee, Florida.

15 These public workshops are being held
16 on different dates and in different locations
17 in order to maximize opportunities for input
18 from Florida stakeholders.

19 Copies of this draft document and the
20 notice for today's workshop were mailed to
21 all persons on the Department's interested
22 parties list, including all 67 Florida
23 property appraisers. Also, this draft
24 document and the workshop notice are posted
25 to the Department's Guidelines web page.

1 Please remember that all comments made
2 here today along with any written comments
3 submitted will become part of the public
4 record.

5 THE ADMINISTRATOR: The format for this
6 workshop is informal. Each time you step up
7 to make comments, please begin by clearly
8 stating your name and your organization or
9 office you represent.

10 In that regard, if you have not already
11 signed the sign-in sheet provided at the back
12 of the room, please do so now.

13 Does everyone here have a copy of the
14 second draft of the Florida Uniform Market
15 Area Guidelines dated July 10th, 2003? If
16 anyone does not have a copy, these are
17 available at the back of the room.

18 At this time does anyone wish to submit
19 written comments to the July 10th, 2003 draft
20 of the Florida Uniform Market Area
21 Guidelines?

22 MR. KELLER: Just to briefly outline
23 how we got where we are today, in 1993 a
24 provision was implement in Section 193.114
25 Florida Statutes that requires property

1 appraisers to place a market area code on
2 each real property parcel on assessment rolls
3 beginning in 1996.

4 This statute also requires that these
5 market area codes be established according to
6 Department of Revenue Guidelines. A 2000
7 Auditor General's report recommended that the
8 Department promulgate Uniform Market Area
9 Guidelines as required by this statute.

10 The Department began the public process
11 of developing Uniform Market Area Guidelines
12 in January of 2001. This process of
13 promulgation of the Florida Uniform Market
14 Area Guidelines has been designed to meet the
15 provisions of Section 195.062, 193.114 and
16 120.54 Florida Statutes.

17 Prior to the development of the initial
18 draft of the Florida Uniform Market Area
19 Guidelines dated June 9th, 2003, the
20 Department of Revenue held four public
21 workshops on the subject of Market Area
22 Guidelines on the following dates: January
23 4th, 2001 in Orlando; April 3rd, 2001 in
24 Tallahassee; June 26th, 2002 in Tallahassee;
25 and July 9th, 2002 in Orlando.

1 The transcripts from these four public
2 workshops are posted to the Department's
3 Guidelines web page. The input received from
4 these previous public workshops was reviewed
5 and considered in the development of the
6 initial draft of the Florida Uniform Market
7 Area Guidelines.

8 THE ADMINISTRATOR: The initial draft
9 for the Florida Uniform Market Area
10 Guidelines, dated June 9th, 2003, was based
11 on the following: Number one, the Florida
12 Law Manual of Instructions and Regulatory
13 Requirements; number two, public input from
14 Florida property appraisers and their
15 representatives; number three, public input
16 from Florida taxpayers and their
17 representatives; number four, information
18 from certain publications of professional
19 organizations; and number five, the
20 expertise, research and analysis provided by
21 Department of Revenue staff.

22 After the development of the initial
23 draft two additional public workshops were
24 held for the purpose of receiving public
25 comments on that draft. These workshops were

1 held on June 24th, 2003 in Tallahassee and
2 June 26th, 2003 in Orlando.

3 The transcripts from these two
4 additional public workshops are posted to the
5 Department's Guidelines web page. These
6 workshops were held on different dates and at
7 different locations in order to maximize the
8 opportunity for input from interested
9 parties. A few written comments on the
10 initial draft also were received.

11 The initial draft, its sources and the
12 comments received on the initial draft were
13 considered in the development of the second
14 draft.

15 Please keep in mind that the intended
16 use of these Guidelines is for Florida
17 property appraisers to use them to establish
18 market areas and market area codes on real
19 property assessment rolls as required by
20 Section 193.114 Florida Statutes.

21 The intended use of market areas is for
22 both property appraisers and the Department
23 of Revenue to use them as geographic areas in
24 the statistical and analytical review of real
25 property assessment rolls as provided in

1 Section 195.096(2)(C) Florida Statutes.

2 There may be other applications of
3 market areas in the real estate industry and
4 in the appraisal profession that are not
5 relevant to the development and use of market
6 areas on real property assessment rolls under
7 Florida law.

8 MR. KELLER: I'd like to direct
9 everyone's attention to the Internet web page
10 paper that's available at the back of the
11 room. Does everyone have a copy of this
12 sheet from the Department's Guidelines web
13 page?

14 This web page can be found at the
15 Internet address stated at the bottom of the
16 page. As you can see the following items are
17 available regarding drafts of the Florida
18 Uniform Market Area Guidelines.

19 There is an overview of Draft Market
20 Area Guidelines development in the center of
21 the page under the title Market Area. There
22 is the initial draft of the Florida Uniform
23 Market Area Guidelines dated June 9th, 2003.
24 There's also a second draft of the Florida
25 Uniform Market Area Guidelines dated July 10,

1 2003, which is new. That's the draft that
2 we're here today on.

3 There's also prior Market Area
4 workshops. Transcripts are at the right-hand
5 side of the page. There is the notice of the
6 public workshops for today's workshop and the
7 one July 22nd, and that will have a copy of
8 the draft rule to incorporate by reference to
9 the Market Area Guidelines.

10 There's also an email link that if you
11 click on this link on the right-hand side you
12 can email comments to an email address to the
13 Department of Revenue directly, and there's
14 also an address linked to find the address to
15 send written comments to if anybody would
16 like to mail them in.

17 No confirmation emails will be sent.
18 All written and email comments received
19 become part of the public record. Copies of
20 comments will be made available upon request.
21 Please submit all comments by no later than
22 the close of business on July 31st, 2003.
23 Comments can be faxed to the following
24 numbers: (850) 922-9252 or (850) 921-2983.

25 The Department's Guidelines web page

1 will be updated periodically as the Guideline
2 development process moves forward.

3 THE ADMINISTRATOR: At this time we
4 would like to provide a brief overview of the
5 significant revisions made during the
6 development of the second draft of the
7 Florida Uniform Market Area Guidelines. If
8 you would please in your copy of the July
9 10th draft, please turn to page 1.

10 In the initial draft Section 1.1 1 was
11 sort of long and extended, and part of the
12 organization of the document is intended to
13 have more headings and make it more user
14 friendly and stuff, so what we did is we
15 added two additional headings.

16 Section 1.2 in the second draft is
17 titled Legislative Intent for Just Valuations
18 and Uniform Assessments, and the information
19 in Section 1.2 is additional information that
20 was added to the second draft that was not in
21 the initial draft.

22 This information was discussed at the
23 previous workshop, but now that has been
24 included in the draft.

25 The heading for Section 1.3 in the

1 second draft is titled Specific Authority for
2 Uniform Market Area Guidelines. That heading
3 is new and has been added, but the
4 information within that section was the same
5 as in the first document.

6 We just sort of reorganized it to break
7 it up a little bit more, make it more
8 understandable, so that's everything for
9 Section 1. Do you have anything to add to
10 that, Mr. Keller --

11 MR. KELLER: No.

12 THE ADMINISTRATOR: -- any legal
13 analysis?

14 MR. KELLER: No.

15 THE ADMINISTRATOR: If you would now
16 please go to Section 3.4 on page 6. Section
17 3.4 on page 6 is titled Market Area, and this
18 is a definition that has been developed for
19 the purpose and intended use of market areas
20 as provided in the Guidelines.

21 The second sentence that appears in
22 this section, which reads as follows: The
23 real property group within a market area has
24 legal, physical and economic characteristics,
25 that sentence was added.

1 That's a new sentence, and I'd like to
2 recognize my esteemed colleague, Mr. Keller,
3 for making that observation, and therefore we
4 included that sentence in this definition.

5 If you would please turn over to page
6 7. Up at the top of the page the first
7 section is 3.6 titled Neighborhood. This is
8 a definition of neighborhood for purposes of
9 the Florida Real Property -- I'm sorry, the
10 Florida Uniform Market Area Guidelines.

11 The third and fourth sentences were
12 added. The third and fourth sentences were
13 added, and they read as follows: Market
14 areas are larger geographic areas than
15 neighborhoods. Neighborhoods may be a subset
16 of market areas.

17 And that was done just to clarify the
18 relationship, the generally accepted
19 relationship between the two. Even though
20 neighborhoods are not a part of the focus of
21 these Guidelines, they are a geographic unit
22 and we thought it was important to
23 differentiate between a market area and a
24 neighborhood.

25 Now, if you would please turn to page

1 9. Section 4.4 on page 9 is titled Use of
2 Market Areas by Florida Property Appraisers.
3 This section was in the initial draft.

4 For the second draft everything in this
5 paragraph except the first and last sentences
6 were added, and generally this was done in
7 order to describe that the application of
8 market areas in the valuation process implies
9 the use of a particular valuation
10 methodology.

11 In other words, it's not necessary to
12 use market areas in the valuation process, in
13 the mass appraisal process, and the
14 description of market areas in this document
15 does not get into the valuation process for
16 that reason, because the selection of the
17 particular valuation methodology according to
18 Florida law is an act of administrative
19 discretion of property appraisers.

20 It's not the intent of this document to
21 get involved in the valuation process.
22 Market areas as defined and intended by this
23 document are for statistical and analytical
24 review of assessment rolls as provided by
25 law.

1 Mr. Keller, do you have anything to
2 add?

3 MR. KELLER: Yes. The cross reference
4 that you see there to the Florida Real
5 Property Appraisal Guidelines adopted
6 November 26th, 2002, contains citations of
7 background law, case law in Florida that
8 reflects the principle that basically the
9 legislature and certainly not these
10 Guidelines cannot dictate to property
11 appraisers a particular methodology through
12 valuation, so that was added in here as a
13 cross reference to those authorities.

14 THE ADMINISTRATOR: Beginning on page
15 9, and as a matter of fact, right below the
16 section we just discussed, is Section 5.0
17 which is titled Development of Market Area
18 Distribution.

19 This section in the initial draft
20 contained a discussion of the development of
21 market area distributions for Florida
22 counties that was based on sale counts per
23 market area, and those discussions described
24 Tables 2-B, 3-B, 4-B, 5-B and 6-B in the
25 initial draft.

1 In the second draft, since we are
2 moving toward looking at market areas more in
3 terms of parcel counts per market area and
4 getting away from sale counts per market area
5 because of the significant annual variation
6 in sale counts, we want this to result in a
7 more stable indication of market areas, those
8 tables were removed for the second draft
9 along with the descriptions.

10 That was five tables out of the
11 addendum of the initial draft that were
12 removed, as well as the supporting narrative
13 in Section 5, and that was about probably
14 four or five pages of narrative, so that was
15 volume-wise a significant difference.

16 Also in that regard, in Sections 5 and
17 6 the language was revised in various places
18 to reflect the greater focus on parcels
19 rather than sales.

20 And if you would please turn to Section
21 6.5, which is on page 16, we missed a couple
22 of sentences that we want to offer those
23 corrections now.

24 Looking at Section 6.5, the third line
25 down, toward the end of the line the word

1 sale appears. Please cross through that and
2 write the word parcel in its place. That
3 should say parcel count rather than sale
4 count.

5 In Section 6.6, the second line down,
6 about three-quarters of the way over the word
7 sale appears again. Please change that to
8 parcel.

9 Okay. If you would at this time please
10 turn on page 11, please turn to page 11.
11 Toward the top of page 11 is Section 5.6.1,
12 and this is titled Existing Market Area
13 Counts and Parcel Counts per Market Area.

14 The previous draft had a Section 5.6.1.
15 This is a new set of information. In the
16 initial draft Section 5.6.1 described the
17 information in Table 1 in the initial draft
18 which contained parcel count and sale count
19 information for statutory strata 1, 2, 4, 5
20 and 6 for each county.

21 This information is reflected in the
22 first two columns of Tables 2, 3, 4, 5 and 6
23 of the second draft, so that information is
24 still in the document. It's just in a -- and
25 it was also in that same place in the initial

1 draft. It's just that Table 1 was
2 repetitious in the initial draft.

3 Now, Section 5.6.1 and Table 1 in the
4 second draft contains market area counts and
5 then parcel counts for market areas as
6 reported on the 2002 assessment rolls. These
7 are actual market areas that are reported for
8 statutory stratum I property currently.

9 Section 5.6.1 basically describes what
10 is in Table 1 and basically concludes with
11 the fact that there's a lack of uniformity in
12 the way market areas are currently applied,
13 which is not surprising because we haven't
14 had any Market Area Guidelines to date, which
15 is why we're here.

16 I would also draw your attention to the
17 last sentence in Section 5.6.1. There's a
18 note there with a sentence in italics and in
19 brackets, and it says, Section 5.6.1 and
20 Table 1 are included for informational
21 purposes only and will be deleted from a
22 future draft.

23 That also applies to some other parts
24 of Section 5, which is quite voluminous,
25 because we wanted to include a detailed

1 explanation of the analysis and calculations
2 of the market area distributions in Tables 2
3 through 6 for discussion purposes at
4 workshops and so people can see the whole
5 picture in one document and be able to make
6 comments on that.

7 Obviously this is more of a working
8 draft that will be refined down to probably
9 significantly fewer pages before it's
10 finalized.

11 Mr. Keller, do you have anything to add
12 to that?

13 MR. KELLER: I don't have anything to
14 add to that. I would like to go ahead and
15 draw your attention to the draft of the rule
16 that is available at the back of the room. I
17 alluded to it earlier as part of a notice of
18 proposed rule development that's on the web
19 page, and there is a draft of that.

20 That's to be numbered as 12B-8.0082
21 Florida Administrative Code, and it simply
22 says that pursuant to Section 193.114 these
23 Guidelines are adopted in conformity with the
24 procedures set forth in 120.54 Florida
25 Statutes, and it requires market areas and

1 market area codes to be established in
2 accordance with these Guidelines.

3 Also it directs your attention to the
4 address at which the draft of the promulgated
5 Guidelines will be available.

6 I'd like to talk a little bit about
7 Section 6.10. That is on page 17. It's
8 entitled Market Area Delineation and Coding
9 Plans.

10 In this draft that we have today the
11 word should appears in the first sentence,
12 and I believe that has been changed from in
13 the past the word shall.

14 That is to highlight the option of
15 property appraisers to submit a plan to the
16 Department of Revenue by no later than August
17 15th, 2004, as to how market areas will be
18 delineated in your county.

19 That plan would form a predicate for
20 the opportunities for aid and assistance that
21 are contained in 6.11, so as part of the
22 option to get aid and assistance from the
23 Department, and the Department is making
24 itself available for aid and assistance, we
25 would like to receive a plan from a given

1 property appraiser that desires any
2 assistance no later than August 15th of 2004.

3 THE ADMINISTRATOR: At this time I
4 would like to direct everyone's attention to
5 page 16 of the second draft. Toward the top
6 of the page a new section has been added,
7 Section 6.5, and that is titled Legal,
8 Physical and Economic Characteristics.

9 The information in this section, the
10 numbered items that are listed out, items 1
11 through 11 under Section 6.5, all of those
12 except for item number 11 were addressed in
13 the initial draft, but those items were
14 addressed and presented in narrative form and
15 they weren't very clear.

16 We wanted to list those out, to have
17 those so that their understandability would
18 become greater.

19 Legal, physical and economic
20 characteristics are a very, very basic, as
21 everyone knows, a very basic part of the
22 appraisal process, and they provide a very
23 useful set of discrete units for data
24 collection, data analysis and the process,
25 and we wanted to highlight that fact more in

1 this document.

2 What we'd like to do now is maybe go
3 down and present a little brief discussion of
4 each of these numbered items, and then we
5 have an additional handout we will discuss in
6 that light and then we'll, you know, go into
7 taking any comments that anyone wants to
8 present.

9 Item number 1 under Section 6.5 is
10 titled future land use classifications, and
11 this is listed as an example of
12 considerations for the development of
13 boundaries for market areas.

14 As I'm sure probably everyone here
15 knows, a future land use classification is
16 something that is specified by law to be a
17 part of the comprehensive plan which every
18 county and I believe municipality is required
19 by law to develop and have on record.

20 These are often referred to for
21 indication of land use densities, the
22 location of different land uses within a
23 county, and while they have a legal basis,
24 they also impact the type of physical
25 characteristics that properties have in terms

1 of the size of the land parcels, the size of
2 building parcels, and in that regard that
3 obviously feeds into an economic
4 characteristic.

5 The prices paid for real property, as
6 everyone knows, is going to be based on the
7 type of property, the size of the land, the
8 size of the improvements, that nature, as
9 well as the density of development and so on.

10 If someone considers that they've
11 considered a whole ball of wax from one
12 perspective.

13 Number 2 is municipal limits. This may
14 or may not be a relevant consideration
15 depending on the circumstances involved. In
16 some cases it could be.

17 If there is a municipality that has a
18 very strict building code or code enforcement
19 system that restricts the architectural style
20 or quality of construction or appearance of a
21 particular area, this may be something -- and
22 the market recognizes that, that may be
23 something to consider.

24 County lines are obviously a boundary
25 since what we're talking about here is

1 geographically dividing Florida counties into
2 market areas for statistical and analytical
3 review of assessment rolls.

4 We're not talking about a market area
5 as being -- including multiple counties or
6 multiple states or, you know, the northern
7 hemisphere as sections may be discussed in
8 some of the single property appraisal
9 literature.

10 Item number 4 is census tracts. Census
11 tracts are widely known geographic units that
12 are required by federal law. The US Census
13 Bureau publishes guidelines for local
14 entities to use in the delineation of census
15 tracts.

16 Census tracts are used in a wide
17 variety of analyses by both -- many
18 government agencies as well the private
19 sector.

20 Census tracts may or may not be
21 relevant, but they're listed here as an
22 example of the consideration. In some cases,
23 depending on the discretion of the property
24 appraiser in a particular case, a part of a
25 census tract boundary, all or part may

1 comprise a useful consideration.

2 There was some discussion at our
3 previous two workshops that we needed to talk
4 about more economic considerations in drawing
5 boundaries.

6 In census tracts you're talking about
7 income levels, and even in cases where you
8 have real property sales, which are really
9 the ultimate manifestation of real property
10 economic activity, we've certainly talked
11 about sales within a market area and that
12 certainly is an economic consideration.

13 Number 5, subdivision boundaries,
14 depending on the circumstances involved that
15 could form a useful consideration.

16 Number 6 is rivers, oceans, et cetera.
17 These are significant natural features which
18 may be useful in market area boundaries.

19 Item number 7 is major streets,
20 expressways, canals, et cetera. These would
21 be significant man-made features that are
22 readily observable and may form a boundary
23 between different property types or different
24 property densities or land sizes or building
25 sizes, et cetera.

1 Item number 8 is changes in the type
2 and size of real property parcels and
3 improvements.

4 Once again, the type of the real
5 property, the size of the land, the size of
6 the improvements obviously translates into
7 economic considerations. It has a huge
8 impact on the prices and rents paid for
9 property.

10 Item number 9, changes in real property
11 construction quality and features, obviously
12 the quality of the construction and the type
13 of features involved with the construction
14 can have and usually do have significant
15 impact on value, and changes in that may form
16 a reasonable boundary.

17 Item number 10, changes in the quality
18 of real property maintenance, it costs money
19 to maintain real property.

20 The higher the quality of the property
21 generally the more expensive it is to
22 maintain, and the quality of the maintenance
23 reflects the money spent and the economics of
24 the area and, of course, the price paid for
25 the property.

1 Item number 11 was added. This is
2 changes in real property effective age. This
3 may make item number 10 obsolete.

4 Effective age is obviously the age
5 indicated by both the actual age and the
6 condition of the property, which also may
7 have an impact on the economics of the
8 property as well.

9 Now I'd like to draw everyone's
10 attention to a handout that is -- it's about
11 five pages. It looks like this. It says
12 United States Census 2000, Participant
13 Statistical Areas Program Guidelines. Does
14 everyone have a copy of that?

15 This five-page handout is for
16 information and discussion purposes only.
17 This does not indicate that the Department is
18 proposing to simply base market areas on
19 census tracts.

20 In the various places in the appraisal
21 literature there's mention of census tracts.
22 I'm not sure if they were mentioned in
23 comments of previous workshops. They're out
24 there and we thought that it was appropriate
25 to share some information that we found

1 through research on how the federal
2 government went about developing guidelines
3 for census tracts.

4 Census tracts are required to cover
5 every part of every county in the United
6 States, so this is another -- a different use
7 of geographic stratification, which is what
8 market area delineation is.

9 There were some interesting parallels
10 we thought that we wanted to share to see if
11 anyone found any value in that or wanted to
12 include any recommendations along those lines
13 in any comments.

14 If you would please turn over to the
15 second page of that handout, and we have --
16 in addition to the cover page there are just
17 four pages that we found out of this
18 document, which is available on the
19 Internet -- there are several documents that
20 are available on the US Census web site --
21 that we found these four pages and we thought
22 they had a couple of interesting points we
23 would like to just put out for consideration
24 and discussion if anyone would like to; if
25 not that's fine as well.

1 This first page here down at the bottom
2 is numbered 17, and up at the top we
3 underlined a sentence. It has an asterisk by
4 it and it says, a census tract must meet the
5 population and boundary feature criteria.

6 Those are the two main considerations
7 that the census guidelines put out for the
8 local entities that actually develop census
9 tracts.

10 The population there is the number of
11 people within a census tract, and the
12 parallel to the market area is we're looking
13 at the number of parcels and in this
14 situation they're looking at the number of
15 people.

16 Then they also talk about boundary
17 feature criteria, and some of their
18 discussion is ironically very similar to what
19 we find in the drafts of the Market Area
20 Guidelines.

21 If you look down toward the bottom of
22 page 17 there is a little asterisk by a
23 section titled Census Tract Boundary
24 Features, and there's a little paragraph
25 under there that's bracketed and it says, the

1 Census Bureau requires census tract
2 boundaries to follow visible and identifiable
3 features wherever possible. This makes the
4 location of census tract boundaries less
5 ambiguous.

6 And then it says, the Census Bureau
7 also permits the use of legal boundaries in
8 some states.

9 For their purposes it was very
10 important that the boundaries be readily
11 observable in the field. That's not so much
12 a criteria in our case. We list several
13 examples of considerations.

14 Mass appraisers work with cadastral
15 maps and that sort of thing, and so there are
16 different ways to identify boundaries.

17 If you would please flip over to the
18 next page of our little handout. Up at the
19 top the heading for this discussion is titled
20 Population, and we have a sentence underlined
21 which says, to provide meaning statistics,
22 the Census Bureau maintains population size
23 requirements for census tracts while allowing
24 for some flexibility. We thought that was an
25 interesting concept.

1 If you look down toward the bottom of
2 this page there's a table that's titled
3 Population Thresholds for Census 2000 Census
4 Tracts, and there's a little table there and
5 it mentions different areas within the United
6 States and some of it is, I guess,
7 territories.

8 For the area encompassing the United
9 States it indicates an optimum population
10 size requirement, and then it has minimum and
11 maximum numbers as well.

12 Their optimum population for a census
13 tract is 4,000 people. Their minimum is
14 1,500, and then the maximum is 8,000.

15 This is sort of an interesting concept
16 that it sort of looks at an optimum but then
17 it also provides a significant range to allow
18 for the flexibility and discretion of the
19 local entities who will actually be using
20 these guidelines to delineate census tracts.

21 If you flip over to the next page of
22 the handout, this is a couple of pages out of
23 a chapter titled Participant Statistical
24 Areas Boundary Feature Criteria, and there
25 what they basically look at is two categories

1 of boundary features.

2 One can be map features, which may be
3 further divided into either visible or
4 nonvisible boundaries and either standard or
5 nonstandard boundaries, and then their second
6 category is legal boundaries.

7 This is a little bit different as
8 stated because what they're doing is for a
9 different purpose than what we're doing, but
10 the interesting thing here is that they talk
11 about the content of their geographic unit,
12 which is in this case a census tract, in
13 terms of the number of units, in their case
14 people, in our case we're talking about
15 parcels, based on the seven statutory strata.

16 Then they give an optimum point
17 estimate for the content within that area and
18 then talk about ranges to allow for
19 flexibility, and then they have their
20 boundary feature discussion as well. We just
21 wanted to throw that out. We found that a
22 little bit interesting.

23 The last page of the handout is just a
24 continuation of a discussion on a previous
25 page, and that's just for information

1 purposes.

2 We thought that was kind of interesting
3 to see some of the parallels, and we just
4 wanted to throw that out for any information
5 purposes and any commentary that anyone might
6 have on that. That's all.

7 Do you have anything else to add in
8 that?

9 MR. KELLER: No.

10 THE ADMINISTRATOR: Okay. That's
11 pretty much what we wanted to present, and at
12 this time we'll take any comments anyone
13 wants to make on anything we've discussed or
14 anything else regarding the Uniform Market
15 Area Guidelines.

16 Yes, sir, if you'd like to speak you
17 come forward and identify itself.

18 MR. PENNINGTON: My name is Ken
19 Pennington. I'm with Osceola County. I just
20 have a couple of quick questions regarding a
21 couple of pages in the Guidelines as well as
22 the table or the addenda that was provided.

23 On page 12, paren 5, it describes --

24 THE ADMINISTRATOR: I'm sorry; page
25 what?

1 MR. PENNINGTON: Page 12, parent 5.
2 It's describing Table 2 for strata.

3 THE ADMINISTRATOR: Yes.

4 MR. PENNINGTON: Is that a suggested
5 number or is that going to be a required
6 number that we have to meet? It says
7 indicated number of market areas within the
8 strata, but it doesn't say whether we're
9 going to be required to have that many or is
10 that just a suggested number.

11 THE ADMINISTRATOR: A couple of
12 thoughts on that. First of all, this is a
13 real draft document, and this analysis is
14 based on the best information that we had
15 available at the time.

16 As you know, the Department, our
17 resources have access to data to make that --
18 in order to do this analysis. Those people
19 are heavily occupied right now with the roll
20 evaluation process, and they're not real user
21 friendly.

22 What we're looking at is in August,
23 when that process slows down, is having
24 access to more, getting more data to do
25 better analysis, so these tables are

1 definitely subject to change, number one.

2 What the document says, this number of
3 market areas is titled Indicated Distribution
4 of Market Areas, and what the document
5 currently says is that these distributions
6 shall receive primary consideration with
7 secondary consideration given to the
8 discussion of the boundary issues, legal,
9 physical and economic.

10 That's kind of where it is now. It
11 doesn't say that that is a specific
12 requirement, that it's a rigid requirement.

13 The other issue is we're looking at for
14 the next draft, as we get more comments in on
15 the first two drafts and get a better picture
16 of some of the practical concerns that may
17 exist in this application, is we're looking
18 at going to ranges on parcel counts per
19 market area and to specify the flexibility
20 that can be had in there.

21 Now, in terms of -- your real question
22 is, if this distribution ends up saying in
23 your county -- I'm just throwing out a
24 number -- you're probably asking me, and you
25 tell me if this is the real crux of your

1 question, if the distribution says 20 market
2 areas and you have 18 market areas or 22, is
3 that going to be a problem, or if it says 20
4 market areas and you want to have 35 or you
5 want to have 5, is that going to be a
6 problem.

7 Quite frankly, that is a legal issue
8 which I'm sure Mr. Keller can provide some
9 additional analysis on.

10 MR. KELLER: Thank you. I guess what I
11 would throw out on that question is that the
12 number there is stated as an indicated number
13 and that would probably correspond to what
14 you see with the census tract as the optimum
15 condition, and that would be if you were able
16 to have that number of market areas you would
17 have a good thing.

18 At some point if you -- and in
19 determining the adequacy of your market areas
20 I think that the basic drift of this document
21 is to look at the number of parcels in a
22 market area.

23 At some point if you have too many
24 parcels in a market area you would be wanting
25 to create another market area and so that

1 would establish a maximum somewhere, a number
2 of parcels, you know, beyond which you would
3 want to create another market area.

4 As far as the minimum condition goes, I
5 think that is something that we haven't
6 gotten to a designated number for that, but
7 what you see here is just an indicated number
8 of market areas.

9 That would be something that the
10 Department would be looking for in the
11 analysis of your submission of your roll.

12 MR. PENNINGTON: Okay. A couple of
13 follow-ups then. Is this something that
14 we're going to have to re-address every year
15 or are they going to do it on a four to five
16 year basis?

17 You know, it would be hard for every
18 year to say, okay, you're out of one, or
19 would it be every two or to three years or
20 something of that nature?

21 THE ADMINISTRATOR: We haven't had
22 any -- our discussion on this has been,
23 number one, we don't want this to be a thing,
24 and it shouldn't be a thing, professionally
25 and technically it shouldn't be a thing that

1 requires significant annual maintenance.

2 The purpose for having the Guidelines
3 and having some specificity in there is so
4 that provide a clear picture of what a good
5 situation would be, also allowing for the
6 flexibility that would, you know, fit the
7 different situations in the county.

8 Obviously markets are going to change.
9 You have growth areas and that sort of thing.
10 So if there is a good faith effort up front
11 to establish things in accordance with the
12 Guidelines and not -- if you have ranges on
13 something, let's just say -- let's just throw
14 out numbers -- we'll use the census numbers,
15 okay, we're not going to base it on that, I'm
16 just throwing out numbers here.

17 If we say somewhere between 1,500 and
18 8,000 parcels with an optimum being 4,000 in
19 a particular county and the county decides to
20 have, you know, all its market areas with
21 7,900 parcels, well, that's skating on the
22 edge to start with, and any time you skate on
23 the edge you've got to constantly worry about
24 falling over the edge.

25 If there's a more reasonable split down

1 the middle approach then that's not going to
2 require significant annual work to get this
3 thing done.

4 We recognize there's a tremendous
5 amount of work involved in this project. We
6 know that, and there's an 18-year period
7 allowed here from the time the document would
8 be --

9 MR. PENNINGTON: 18 months.

10 THE ADMINISTRATOR: -- I'm sorry, 18
11 months, not 18 years, to get this thing done.
12 So we recognize that, and one of the reasons
13 we got away from the discussion of the sales
14 was as you know sales are going to bounce
15 around where they occur each year and number
16 of sales, and having that specifically in the
17 document would lead one to think that county
18 might need to readjust its boundaries each
19 year based on the sales.

20 That's why that information has been
21 taken out, but obviously it's going to depend
22 on the growth. Some counties may not grow as
23 much. Their market areas may be fine until
24 people retire.

25 Counties with high growth may need to

1 look at it every three, four years or
2 whatever, but we don't intend for it to be an
3 annual burden.

4 MR. PENNINGTON: I have two more
5 questions and then I'll leave you alone.
6 The county specific report, the reports in
7 there go by parcel count, which most of the
8 information can be gathered off the 404 FC;
9 however, you may have to add up two or three
10 different subjects in order to find out where
11 you are on that table.

12 Could we call the Department of Revenue
13 and say, would you please provide us with
14 that?

15 THE ADMINISTRATOR: Sure. The names
16 and the counties are left off of this
17 intentionally because, you know, that's
18 probably the first thing a lot of people want
19 to look at.

20 We debated whether to include that.
21 The reason it wasn't is we just want to just
22 focus on the process and methodology. We'll
23 worry about the specifics once we go through
24 the workshop and draft process and see where
25 we are.

1 Certainly we would want to identify,
2 you know, the county at a particular point in
3 time, sure.

4 MR. PENNINGTON: And finally, has there
5 been any consideration to how time shares
6 will be handled? Could we create a market
7 area strictly for time shares?

8 THE ADMINISTRATOR: I don't recall any
9 discussion we've had specifically on that.
10 The only thing that we've had outside of the
11 statutory strata, the five that we studied,
12 we've studied using market areas for
13 residential condominiums.

14 Some counties have huge counts on
15 those, and those are a lot of times located
16 along the ocean or some other area. We
17 mention in there specifically that if a
18 county wanted to have, you know, its own
19 system for that particular use code, I know
20 we're talking about maybe looking at another
21 use codes on that, it's certainly possible.

22 If you have any recommendations or
23 anything you'd like to add maybe on this we
24 would certainly consider it.

25 MR. PENNINGTON: Okay. Thank you.

1 MR. KELLER: So can I just add a little
2 bit more here to follow up? On page 13,
3 number 5, and in the tables that are
4 attached, I guess the first table is the
5 actual market areas for the counties.

6 We've been tracking market areas and
7 studying markets areas at the Department of
8 Revenue for many years. In fact, since this
9 statute came in they've run numbers on market
10 areas and we have not seen a wide fluctuation
11 in the number of market areas, to my
12 knowledge, from any given county. You know,
13 they don't change radically from year to
14 year.

15 The statements that were made here I
16 think are consistent with our observed
17 practice and our existing practice.

18 MR. TODORA: Good morning. Jim Todora,
19 I'm the property appraiser in Sarasota
20 County.

21 First I'd like to commend Mr. Keller
22 and Mr. Mobley for all of the hard work and
23 excellent job they have done putting this
24 together so far. Realizing it's a changing
25 document and every time I think I'm settled

1 and understand things and I listen to both of
2 you talk you raise a lot more issues every
3 time I hear this.

4 A couple of points about this second
5 draft. You've already touched on part of it,
6 but there is no specific direction regarding
7 the means by which to delineate the market
8 areas.

9 I was under the impression that that
10 was going to be left up to the individual
11 property appraiser to make that
12 determination; however, listening to
13 Mr. Keller talk about the aid and assistance
14 aspect and the request for information on a
15 plan, are you looking for property appraisers
16 to submit to you a plan to address the
17 specifics on how to delineate the area?

18 THE ADMINISTRATOR: What we have, if
19 everyone would turn to page 17, Section 6.10,
20 which is titled Market Area Delineation and
21 Coding Plans, the third line down, at the end
22 of the line there is a little list of items
23 that are requested for the market area
24 delineation and coding plans, and I'll just
25 for discussion just refer to those.

1 Number one it says the intended
2 research steps; number two, the intended
3 delineation implementation steps; number
4 three, the intended market area counts for
5 each of the seven statutory strata; number
6 four, the intended parcel counts for each
7 market area; and number five, the intended
8 market area coding system.

9 Especially with number four, because
10 this is a plan before the thing is actually
11 implemented, you know, there will be some
12 flexibility in there in terms of -- because
13 you're not going to know exactly how it's
14 going to end up until you do it, but you're
15 just developing a plan for it, so that's what
16 the plan according to the current draft calls
17 for.

18 Interestingly enough, we didn't -- I
19 think you're the first person to make
20 comments on that part of it, so we're
21 certainly looking for any recommendations or
22 any areas for improvement on that.

23 MR. TODORA: But the cliché is that the
24 devil is in the details, and I'm looking at
25 this in details. So is it the intent of the

1 Market Area Guidelines not to address the
2 specifics but rather turn to the property
3 appraisers to provide this type of plan?

4 You touched on those five items, and
5 within those five items would seem to be
6 consumed the idea of how the lines will
7 actually be drawn, if you will. Is that the
8 intent of this?

9 THE ADMINISTRATOR: Yes, I believe so.
10 Mr. Keller can probably offer better. I'll
11 take a stab at that. As Mr. Keller said
12 earlier, we're looking at providing aid and
13 assistance to counties that want aid and
14 assistance, but we're also looking for there
15 to have been some thinking done and some
16 research and thinking laid out in a little
17 plan so that when we go to provide the aid
18 and assistance we kind of know what people
19 are thinking.

20 We obviously are dealing with limited
21 resources on our end. It's sort of the kind
22 of a thing of help us help you if you want
23 help, I guess. I'm sure Mr. Keller will be
24 more articulate in addressing that.

25 MR. KELLER: Well, I don't know if I

1 can answer the exact question that you're
2 asking. I'm not sure that the Department is
3 going to be in the business of talking about
4 where a particular line is going to be drawn.

5 I think at least from my view in
6 advising the Department would be that the
7 thrust of these Guidelines is to attempt to
8 secure greater representativeness in our
9 sampling and in our studies of the rolls with
10 respect to geographic things.

11 That would be what we would be looking
12 for in terms of how a given county was
13 creating market areas.

14 I think that the thrust of the Auditor
15 General's report that was alluded to earlier
16 is that market areas are a way to enhance
17 representativeness in the studies by the
18 Department of Revenue.

19 A corollary of that, at least in my
20 opinion, is that at some point in a market if
21 you have a very good set of market areas you
22 would be able to substitute sales ratio
23 studies at the Department of Revenue for some
24 of the appraisal ratio studies that we've
25 been seeing and thereby save resources at the

1 State level.

2 I think that provided, you know, that
3 the representativeness concept is enhanced,
4 you know, the Department as far as I know is
5 not going to be getting into where particular
6 lines are drawn on market areas.

7 Another factor is that the uses of the
8 Guidelines -- or the market areas rather so
9 far has been predominately to correlate with
10 other tax roll analysis data and to attempt
11 to corroborate or to rule out noncompliance
12 conditions observed elsewhere in the studies.

13 We don't see market areas being used as
14 a stand-alone type of result, study result,
15 at the current time and in the past few
16 years.

17 The benefit of having studies by market
18 areas is that you can rule out something that
19 you think you see elsewhere in the study that
20 appears to be some kind of a -- not meeting
21 the standards in the rolls.

22 That's my summary of what I think we're
23 speaking about here.

24 THE ADMINISTRATOR: I would just add to
25 that, I mean, on a practical level, when a

1 county asks for aid and assistance, whoever
2 is going to be doing that aid and assistance
3 for the Department of Revenue goes to that
4 county and there's obviously going to be
5 discussion.

6 I mean, these professionals are going
7 to be discussing it, and boundaries are going
8 to be discussed.

9 I don't see the person offering the aid
10 and assistance going to the county and saying
11 that you've got to do this. I mean,
12 obviously there might be recommendations, you
13 know what I'm saying, if I were doing this,
14 if I were in your shoes, here is what I would
15 do.

16 You can't offer aid and assistance
17 without, you know, getting into the nuts and
18 bolts, but, you know, I wouldn't anticipate
19 there being any, you know, dictation of
20 you've got to draw it here, you can't draw it
21 there, that kind of thing.

22 That's why we're only producing
23 Guidelines without getting into a high level
24 of detail in a document like this that has to
25 apply to 67 different counties and go to

1 people who are experienced in mass appraisal.

2 The issue of geographic stratification
3 is certainly not new, and we would give
4 people some guidance, well, here is a good
5 place to draw boundaries and here is kind of
6 what I need within the boundaries. Hopefully
7 it would be apparent to most people. That's
8 our hope.

9 MR. TODORA: Thank you. It seemed to
10 me that 6.10 was really aid and assistance on
11 the part of the property appraiser providing
12 to the Department of Revenue, and 6.11 seemed
13 to be then the Department would come back in
14 and critique what the property appraiser did.

15 I'm satisfied with 6.10 if that's the
16 way it's going to end up, that the property
17 appraiser will submit the market area
18 delineation coding plan, and then under 6.11
19 if asked the Department could provide
20 comments to the property appraiser as to how
21 they did it.

22 It would seem to me that the Market
23 Area Guidelines should not be so specific as
24 to tell us how to draw those lines. That
25 should be left to the property appraiser.

1 I would actually encourage you to look
2 at the census data that you provided and the
3 ranges, and suggesting a range of parcel
4 counts within market areas may be even
5 superior to providing an optimum number to
6 shoot for because there are these
7 fluctuations within the market that one would
8 want to look for.

9 Even in a county that may not be
10 growing in population, as supply and demand
11 factors change those lines of the market
12 areas may change and they may change from
13 year to year.

14 Going back to 6.10, I think the
15 property appraiser should be empowered to
16 change those as they see necessary.

17 You had indicated that the purpose of
18 these were to do statistical and analytical
19 functions, I believe, if I recall right, and
20 Mr. Keller, I think, reaffirmed the purpose
21 of these market areas are to gather a random
22 but representative sample of parcels for roll
23 study.

24 It would seem to me trying to take all
25 of these factors into consideration there are

1 some inherent conflicts.

2 The Auditor General's report I believe
3 in August of 2000 referred to market areas as
4 a geographic region consisting of properties
5 with similar characteristics from a value
6 estimation perspective, and yet the Market
7 Area Guidelines, and I believe rightfully so,
8 is addressing this more as a delineated area
9 for roll study purposes, so there are some
10 inherent conflicts between those two issues.

11 If we try to follow those directions of
12 drawing those lines and delineating those
13 areas based on parcel counts, which again
14 sounds logical, we will run the risk of
15 ending up with market areas that may not
16 reach the minimum sale counts desired by the
17 Department to do the types of analysis.

18 The solution on one hand seems to be to
19 allow market areas to be larger rather than
20 smaller, thus assuring the probability that
21 sufficient sale counts will be available for
22 study.

23 If, on the other hand, we have to meet
24 certain standards, certain smaller standards,
25 and the Department is faced with a market

1 area that has insufficient sales for a roll
2 analysis, what is the alternative that the
3 Department might do in that case?

4 THE ADMINISTRATOR: Well, in my mind,
5 without being a real policy person, there
6 would still be value in that.

7 I mean, we're saying right now the
8 program, the Department's program is set up
9 to study any market area with more than 30
10 qualified sales, and most of our analysis
11 here of parcel counts is -- to get to a
12 parcel count number is sort of based on an
13 analysis of 40 sales to allow for some
14 fluctuations there.

15 Let's say, you know, a market area
16 would have 25 sales or 19 sales. It's not
17 going to be studied, you know, statistically
18 on a formal level, but if there are
19 indications within those number of sales that
20 there was an opportunity to improve the roll,
21 I would think that that might be used as an
22 aid and assistance thing, saying that here,
23 you know, may be a call or something along
24 those lines, here is what we're seeing, you
25 know, we're not really studying this, but

1 that may be something you want to look at for
2 a level of assessment or uniformity or
3 something along those lines.

4 Those are my thoughts. Do you have
5 anything to add to that?

6 MR. KELLER: I have nothing to add
7 other than to say that I think that sales has
8 been sort of de-emphasized in this particular
9 draft and, you know, there is fluctuation and
10 it is felt that if you increase the number of
11 parcels, you know, you increase the
12 likelihood of having the requisite number of
13 sales.

14 I think maybe the best we can do with a
15 document of this type is to specify numbers
16 of parcels that if met, you know, would be
17 sufficient even if they didn't establish the
18 right number of sales because of the fact
19 that we just can't get there because the
20 sales fluctuate.

21 MR. TODORA: It seems, if I'm following
22 all of this, that you start with the roll as
23 a whole and then you stratify it by the seven
24 land use strata that we have, and of those
25 five land use strata you desire to

1 substratify those by some sort of locational
2 boundaries, thus being market areas. That
3 creates a large number of market areas as it
4 is.

5 As you pointed out in your document a
6 commercial strata may have a completely
7 different market area than a residential
8 strata within that same area.

9 Being over restricted with some of
10 those may create some problems because the
11 geographic delineation of those land uses may
12 cluster in certain areas where you would have
13 a sufficient number of sales, but if one is
14 being forced to create another area there may
15 be no sales. That creates that problem.

16 That's why I thought your idea of the
17 census tract was a good one, to allow for
18 that range.

19 There has to be a test of
20 reasonableness and common sense, that, for
21 example, if someone is in a densely populated
22 area the likelihood is you could have much
23 smaller market areas, but as you start to go
24 into the rural areas you may have to expand
25 that geographic boundary and if we have these

1 rigid requirements we may not be able to
2 achieve the goals that you're actually
3 looking for.

4 That's my thought to you, and I hope
5 you take it into considerations.

6 THE ADMINISTRATOR: Jim, I'll just ask
7 you a question. Is sort of what you're
8 getting at maybe a difference in the
9 relationship, in the percentage relationship
10 between sale counts and parcel counts
11 depending on the location?

12 In other words, if you had a bigger
13 geographic market area with the same number
14 of parcels but it was a less densely
15 developed area might there be a lower sale
16 count per parcel or some ratio like that than
17 in a more active urban area is sort of what
18 you're saying?

19 MR. TODORA: Yes. That possibility
20 exists, so rather than to try to encourage
21 this optimum number of parcels per market
22 area, the idea of having a range has a lot of
23 merit because we realize in the back of our
24 minds the goal is to make sure you have an
25 adequate sample of sales to study.

1 In certain geographic regions we may be
2 able to accomplish that with a smaller number
3 of parcels because it's very active versus
4 another area that's not so active and you
5 need a larger number of parcels.

6 Giving the property appraiser
7 flexibility to draw those lines and draw
8 those conclusions I think would inure to your
9 benefit as well as the property appraiser.

10 THE ADMINISTRATOR: That would be a
11 couple of good sentences to put in here
12 somewhere.

13 MR. TODORA: I think it might.

14 THE ADMINISTRATOR: I mean, to talk
15 about the different densities in different
16 areas and how the relationships between sale
17 counts and parcel counts might vary depending
18 on the areas within a county.

19 MR. TODORA: Yes. Thank you both very
20 much.

21 THE ADMINISTRATOR: Thank you.
22 Go ahead whenever you're ready.

23 MR. RAHAL: Vincent Rahal, St. Lucie
24 County property appraiser. I'd kind of like
25 to pick up where Jim left off and add a

1 little bit to it also.

2 You know, I have a lot of agreement
3 with what he's saying, and I think I
4 mentioned that in the letter I sent to the
5 DOR regarding this as far as expanding the
6 parcel size count.

7 I think that can be displayed -- I
8 think it's talked about in 5.6.1 and in 5.6.1
9 where you talk about uniformity, if you go
10 down to about, I guess, a third of the way
11 through where it says, review of the fourth
12 column, which contains existing market area
13 counts for each county, reveals a lack of
14 uniformity in the existing application of
15 market area codes on Florida assessment
16 rolls.

17 I think you've got to look at first of
18 all that table as not much more than just
19 historical information because the means by
20 which the various counties arrived at their
21 market areas, when you talk about not
22 changing, was really based on the requirement
23 by statute that was back -- I forgot what
24 year that was, but several years back that
25 each county had to do so.

1 There was no definition as to how you
2 do it, and I think for the most part most
3 counties, I think if you surveyed them, would
4 say that they really don't spend a lot of
5 time valuing property utilizing those.

6 Also, you know, I tend to look at them,
7 obviously because the DOR looks at them, on a
8 current basis as an aid and assistance thing,
9 so you want to try to get the numbers where
10 they need to be, the values where they need
11 to be.

12 I think when you go back to Table 2 and
13 Table 4 what happens is when you start trying
14 to make uniformity mean consistency in
15 numbers rather than consistency in the
16 process, I think that's going to display
17 exactly what Jim was saying regarding the
18 problems you cause yourself in trying to get
19 in these numbers.

20 I mean, Table 4 is a good example. If
21 you look at some of the -- I guess it's
22 Column 6 when you get down to maybe
23 three-quarters of the way through the 26,000
24 parcel count area, you have indicated sales
25 per market area 11 for 6 market areas.

1 Well, by creating these defined parcel
2 areas that you need, you've also then limited
3 yourself again to how many sales you have.

4 You can look at that in various areas.
5 There you've got 14 and a few with 11 sales,
6 and then when you get into the smaller
7 counties you run into some other problems.

8 The interesting thing, like Jim said,
9 you have a lot of times clustering of sales.
10 If you have a county that has a clustering of
11 sales and you force them, you could probably
12 end up dividing subdivisions or neighborhoods
13 into two or three market areas because the
14 clustering is around, you know, a group.

15 If you're telling them they need to
16 come up with two or three market areas where
17 the bulk of their sales are in a small
18 defined boundary, then you're again really
19 defeating the purpose. You're creating
20 really artificial kind of boundaries that are
21 meaningless.

22 I think that's also displayed in Table
23 2 in the same -- you'll find the same thing
24 with the limitations of sales.

25 You know, regarding the tables also,

1 what you're going to end up with potentially
2 if you do have limitations is you're going to
3 end up with isolated residential areas.

4 I also have, I guess, some question on
5 how you deal with some of these. You have,
6 like, in the agra -- I call them
7 agra-residential areas where you may have a
8 limited number of sales, but it may be a mass
9 area.

10 How do you arrive at the parcel count
11 requirements in order to get -- you know,
12 you'll never meet it. I mean, you'll just
13 never meet it and you probably won't have the
14 number of sales that you looking for in a
15 scenario like that, so you have to have
16 exceptions, I believe, for those kinds of
17 situations.

18 Again, we have -- also in some examples
19 we have subdivisions that are coming on
20 where, you know, right now we have in one new
21 subdivision there's about 300 contracts, so
22 we'll be getting in the next year in this one
23 small subdivision a minimum of 300 sales,
24 which again skews.

25 Now, do you make that its own market?

1 I don't think so. I don't think that's what
2 is interpreted, so as I indicated before I
3 think the expanding of the areas is
4 important.

5 As Jim had said, it gives you also the
6 flexibility of being able to not limit
7 yourself to the number of sales that come out
8 of these.

9 I guess the question is, you know, what
10 are we trying to accomplish and how do we get
11 there, and, you know, I look at 2.2 where you
12 discuss the legal requirements, the real
13 estate, submarkets, available sales and
14 appraisal resources, I think that's a fact.

15 I look at then 2.3, which says
16 achieving representativeness, and it talks
17 about sufficient data, yielding sufficient
18 data groups, do not place limits on the size.

19 Again, we don't talk about a maximum
20 number, and obviously you don't want it where
21 you're going to create areas that are, as it
22 has been probably in the past, historically
23 creating areas that really are meaningless
24 and have numbers that -- anything from, you
25 know, no sales to obviously, you know,

1 possibly thousand of sales.

2 I can understand trying to limit it as
3 much as possible on the bottom side so it is
4 meaningful, but you're not always going to be
5 able to get there.

6 When we talk about appropriate market
7 area, I think that's a very important factor
8 in the definition of how we arrive at these
9 things, the market characteristics, location,
10 legal, physical, economic, attributes of the
11 market, which are things that you refer to
12 basically in 6.5.

13 The one thing that I disagree with, and
14 I think it's in 6.6, where you have the
15 primary consideration should be given to the
16 parcel count requirements, I think that needs
17 to be -- the goal is to get to certain ranges
18 or whatever, but I don't think that needs to
19 be the primary consideration.

20 I think if you establish these other
21 attributes, the economics, the legal, all of
22 the ones that you've mentioned in 6.5 and
23 that are mentioned in the standard six under
24 2.4 that you mentioned in trying to arrive at
25 appropriate market areas, then I think what

1 we do is if you require the property
2 appraiser to test against sufficient data and
3 make that, you know, the goal, to try to
4 obtain a sufficient amount of data in order
5 that you can statistically say, et cetera, et
6 cetera, but I don't think that needs to be
7 the primary goal of the parcel counts.

8 I think it needs to be the end, and the
9 goal is to try to obtain that through using
10 these other types of attributes.

11 Again, you know, one thing I want to
12 get back to is the uniformity. I think the
13 uniformity needs to be stressed to be
14 uniformity in the process of getting there
15 rather than uniformity in the size.

16 I think again the tables really
17 demonstrate that because you hurt yourself
18 when you do that uniformity in the parcel
19 sizes and you start grouping them that way
20 because then you end up with 11 sales or, you
21 know, 2,000 sales or whatever.

22 Again, the goal needs to be the
23 appropriate market area. All of these things
24 that you described, 2.2, 2.3, 2.4, 6.5,
25 et cetera, should be primary with the goal of

1 obtaining, you know, sufficient data and then
2 defining what is sufficient data and try to
3 keep it within ranges of that minimum certain
4 amount of sales, recognizing there's going to
5 be exceptions to that when you can't go --
6 try not to get it to be too large because
7 that's meaningless again.

8 MR. KELLER: I tend to share your
9 remarks concerning the use of the word
10 uniformity there in 5.6.1, and I think that
11 that is different from uniformity of the
12 process.

13 Maybe it's a better choice of words --
14 or actually the goal would be
15 representativeness and the process would be a
16 uniform process that would reach some level
17 of representativeness at the end of the
18 process.

19 I'm not sure that that uniformity is
20 the best proxy for the word
21 representativeness there.

22 MR. RAHAL: Right. And I think where
23 you have a good example of that is in your
24 value ranges. Well, the value range in my
25 county for a certain stratum, the ranges are

1 going for completely different in Orange
2 County or Sarasota County or Dade County.

3 It represents our county more. If they
4 separated value ranges and made them
5 consistent throughout the state you would
6 have all kinds of craziness going on. It
7 doesn't make it uniform within and it
8 actually creates a lack of
9 representativeness.

10 The other only other thing I wanted to
11 mention at this time is to point out
12 something we talked about before, and it's on
13 page 12, Section 6. It's the last sentence,
14 and it basically says within value ranges,
15 and then it says within market areas or
16 stratum I property -- and I guess it applies
17 to all different stratums -- and again it
18 talks about Statute 195.096(C) which really
19 mentions studying by value ranges or market
20 areas.

21 I'm not sure how you guys are going to
22 deal with that or look at that, but I think
23 there's a conflict there. I think it's been
24 mentioned in the past, but it's still -- if
25 you feel like -- I mean, this is still -- if

1 you feel like what you're saying is accurate,
2 you know, then I think it needs to be
3 explained as to how that differs from
4 195.096(C) where it says or; instead it
5 should be by value range or market area.

6 I think we just keep making layers on
7 layers of things and it kind of makes it
8 really difficult when you start breaking it
9 down into all kinds of substratum and then
10 submarkets and all these kinds of things make
11 a property appraiser's job a lot more
12 difficult.

13 It even makes the Department of
14 Revenue's job a lot more difficult if you
15 have to go studying, you know, stratum by
16 markets by whatever else.

17 Thank you.

18 THE ADMINISTRATOR: I just have some
19 general comments that I'd like to add to that
20 discussion. I'd like to say Mr. Rahal made
21 some excellent points.

22 On the issue of the sale counts, as you
23 see in the tables there's some counties there
24 and some situations where you're looking at a
25 distribution of market areas based on parcel

1 counts.

2 If you look down the list of numbers
3 that shows the indicated sale counts per
4 market area and everything is looking all
5 fine and all of the sudden here comes an 11
6 or here comes something else, that that is an
7 excellent point to look at.

8 That problem is going to be unavoidable
9 in some cases because of the very things we
10 talked about before. You know, we say that
11 we don't want to base market areas on sale
12 counts because it would require you to have
13 to move them around, so if we try to
14 stabilize them using parcel counts then
15 that's, you know, going to happen
16 periodically.

17 On the issue of uniformity, if everyone
18 would take a look at Table 1 in the addenda,
19 Mr. Rahal was referring to the statement in
20 Section 5.6.1 which talks about uniformity.

21 I mean, what is uniformity? You know,
22 it's not, you know, two plus two equals four,
23 along those lines. Everything has shades of
24 gray, and while we certainly recognize that
25 the indicated distribution of market areas in

1 Tables 2 through 6 is a goal, it's there for
2 discussion.

3 You know, whether that ends up in the
4 final draft, we might end up going more
5 toward parcel counts and ranges, more like
6 the census example, maybe with an optimum
7 number of parcels or something along those
8 lines.

9 What we have right now is -- I think
10 it's -- anybody has to say that that's not
11 uniformity. When you talk about what
12 something is, is it there or is it not there,
13 well, there's a certain area on the spectrum
14 where you can't say, well, I don't know; it
15 depends on whose opinion.

16 I don't think anybody can reasonably
17 say that what we have now is uniformity.
18 That's why we needed the Guidelines to do
19 that.

20 Certainly you made an excellent point
21 that most people don't use market areas in
22 the valuation process. I mean, by definition
23 it's a larger unit that may not be that
24 useful in a particular valuation methodology,
25 and that's not the purpose of this document.

1 We're looking at a geographic unit for
2 statistical analysis.

3 We're trying to balance the
4 consideration of going from where we are now
5 to providing a better way for the -- a better
6 tool for the Department to use to analyze
7 assessment rolls using available sale data
8 and get to issue of representativeness which
9 we have in this statute, which is a part of
10 the mass appraisal literature, so we can, all
11 of us in the business, the Department and the
12 counties can tell the whole world, look, you
13 know, we've done all we can.

14 You know, it's not the Department of
15 Revenue's role to go make sure every little
16 single piece of property is assessed to the
17 penny at what somebody thinks it ought to be.

18 You know, we're looking at a managing
19 process and we're looking at following
20 professionally accepted methodologies for
21 evaluating mass appraisal results using mass
22 valuation analytical techniques.

23 If we just are looking to stay with
24 what we have now, then there's a good case
25 that can be made that we're not doing

1 everything that we can within reason.

2 We're trying to get from where we are
3 to where we'd like to be and yet have the
4 flexibility to address the issues that
5 Mr. Todora and Mr. Rahal talked about.

6 These are some excellent discussions.
7 On the issue of stratification, you know,
8 there's a statute about, you know,
9 stratifying by value range or market area and
10 then whether, you know, it's appropriate to
11 do value ranges within market areas, because
12 it doesn't say and there, I guess that's a
13 legal issue, but I know of certain counties
14 that do that on their own anyway.

15 If I were analyzing the results of the
16 mass appraisal I was doing I'd want to slice
17 and dice it every way I could so that I can
18 demonstrate to somebody, look, I'm doing mass
19 appraisal here, there's nothing wrong with
20 that; I'm not ashamed of it at all; I've
21 sliced and diced this thing every way you can
22 and it's good; now let's base our discussion
23 on that.

24 Mr. Keller may have something to add to
25 that, but I think that the comments we

1 received so far here today are excellent.
2 This is what we need to get down and narrow
3 the discussion so that we can get a feel for
4 how we can make this thing specific enough to
5 get us from where we are now to where we want
6 to be so we can show the world, we can show
7 the Auditor General and anybody in the world
8 who wants to look at the process, hey,
9 property appraisers are doing what they've
10 been asked to in the Guidelines.

11 The Department has produced a document
12 that is going to have a substantial
13 improvement over the current situation in
14 using available sale data to demonstrate
15 uniformity in the assessments rolls.

16 With that, can we take a ten minute
17 break? Would anyone object to that? We'll
18 take a ten minute break.

19 (Recess taken from 11:16 a.m. to
20 11:35 a.m.)

21 THE ADMINISTRATOR: We're back on the
22 record now. We're continuing with comments
23 on the July 10th, 2003 draft of the Florida
24 Uniform Market Area Guidelines.

25 MR. BARBER: Good morning. My name is

1 Wade Barber. I'm the chief deputy property
2 appraiser in Pasco County. I was looking for
3 some help from the people who came with me,
4 and their encouraging word was brevity, so
5 I'm going to do that. I'm going to be brief
6 here.

7 A couple of interesting aspects that
8 came up earlier and they need commenting on,
9 I think they should be commented on, is as
10 density increases within a given area so does
11 the sale count, but not just -- not just the
12 given area but the number of sales per
13 population.

14 Okay. I mean, that in my opinion
15 addresses some of the concerns that Mr. Rahal
16 and -- I don't know if they're concerns but
17 comments that Mr. Todora made.

18 When you're building these ranges, if
19 you will, and I think there should be
20 somewhat of an optimum number, at least
21 you're going to have a target number you're
22 shooting for and then there's going to be an
23 acceptable range.

24 I think there should be an optimal
25 number, there should be a range, but within

1 those numbers they almost need to be tailor
2 made to the individual counties when you
3 consider that some counties have a higher
4 density.

5 For instance, Pinellas County compared
6 Pasco County, I would expect more sales per
7 parcel, not just more sales in total, so
8 those are things to look at.

9 How you do that, well, that's what the
10 Department of Revenue's challenge at this
11 point is.

12 The other interesting thing that you
13 brought up about the census boundaries, it
14 would be nice if we could go in there and
15 describe what the boundaries should be or
16 shouldn't be, but I think any definition
17 needs to be rather nebulous in this nature
18 because if it gets too defined as to what the
19 boundaries should be you're going to -- it's
20 going to be almost an automatic violation of
21 what the property appraiser's authority and
22 discretion is.

23 The other thing that's important is
24 even though this is not an appraisal tool,
25 that this is merely a way of reviewing tax

1 rolls or valuations, that there still needs
2 to be that special overlay as to how you
3 arrive at this.

4 It's almost like I'm repeating the same
5 thing over, but the theme is is that let's
6 not be wearing our appraisal hat when it's
7 time to be reviewing tax rolls, and opening
8 us up for appraisers you've got to expect
9 some of us to be quite concerned that there's
10 going to be further use of this in the
11 appraisal arena rather than in the roll
12 review process.

13 Mr. Keller, I didn't catch what he
14 said, but he had mentioned something about
15 sales ratios and then appraisal ratios, and
16 Mr. Wells' comments that he sent in on the
17 other draft was that, let's keep the emphasis
18 on the sale ratio aspects, not as an
19 appraisal. Because it is not an appraisal
20 tool for property appraisers, it really
21 shouldn't be an appraisal tool for the
22 Department of Revenue.

23 Those are the only comments I really
24 have.

25 THE ADMINISTRATOR: Thank you. I think

1 that those are excellent comments about as
2 the density of a county increases, so might
3 the -- not just the number -- absolute number
4 of sales but the quantity of sales as a
5 percentage of parcels.

6 MR. BARBER: Right.

7 THE ADMINISTRATOR: And that is, in
8 fact, true. Looking at -- I believe looking
9 at a spreadsheet that we were playing around
10 with in preparation of the documents we
11 looked at that percentage and it definitely
12 increases for the bigger counties, bigger in
13 terms of parcel count, so that would bear
14 out.

15 In fact, Mr. Barber may have created
16 his own spreadsheets from the tables we have
17 and may have done that analysis himself, but
18 that's an excellent observation and that's
19 consistent with what Mr. Todora was saying
20 earlier.

21 Any other comments? We're doing a
22 great job here. We just need one or two more
23 and we'll be -- otherwise Mr. Keller is going
24 to start talking.

25 Anyone else? Any additional comments

1 on the July 10, 2003 draft off the Florida
2 Uniform Market Area Guidelines?

3 On behalf of the Florida Department of
4 Revenue we want to thank each of you for
5 taking the time to be here and making your
6 comments and concerns known.

7 It is invaluable to the Department to
8 have this kind of participation from
9 interested parties so that by working
10 together we can produce consistent with
11 Florida law the Florida Uniform Market Area
12 Guidelines for adoption by the end of this
13 year.

14 We will do our best to address within
15 the current statutory and administrative
16 provisions the comments and concerns that
17 have been presented here today. Thank you
18 again for being here today. We appreciate
19 your time and comments, and this concludes
20 this workshop.

21 (Proceedings concluded at 11:45 a.m.)

22

23

24

25

1 C E R T I F I C A T E

2

3 STATE OF FLORIDA)

4 COUNTY OF ORANGE)

5

6 I, REBECCA L. FELLA, Registered Professional
7 Reporter, certify that I was authorized to and did
8 stenographically report the foregoing proceedings and
9 that the transcript is a true and complete record of my
10 stenographic notes.

11 DATED this 29th day of July, 2003.

12

13

14

REBECCA L. FELLA, RPR

15

16

17

18

19

20

21

22

23

24

25